

VILLAGE OF BUCKEYE LAKE

AUDIT REPORT

JANUARY 1, 2016 - DECEMBER 31, 2017



Dave Yost • Auditor of State

Village Council
Village of Buckeye Lake
5192 Walnut Road
Buckeye Lake, Ohio 43008

We have reviewed the *Independent Auditor's Report* of the Village of Buckeye Lake, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Buckeye Lake is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 27, 2018

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**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY
JANUARY 1, 2016 - DECEMBER 31, 2017**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Buckeye Lake
Licking County
5192 Walnut Road
Buckeye Lake, Ohio 43008

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Buckeye Lake, Licking County, as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Buckeye Lake as of December 31, 2017 and 2016, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Buckeye Lake, Licking County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2018, on our consideration of the Village of Buckeye Lake's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.

Zanesville, Ohio

June 8, 2018

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 170,410	\$ 335,986	\$ -	\$ 506,396
Special Assessments	2,324	18,848	3,778	24,950
Intergovernmental Receipts	29,163	208,835	-	237,998
Charges for Services	10,779	90,221	-	101,000
Fines, Licenses, and Permits	81,744	5,452	-	87,196
Earnings on Investments	10,109	-	-	10,109
Miscellaneous	24,241	16,377	-	40,618
Total Cash Receipts	<u>328,770</u>	<u>675,719</u>	<u>3,778</u>	<u>1,008,267</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	584,595	-	584,595
Public Health Services	1,604	-	-	1,604
Leisure Time Activities	3,596	57	-	3,653
Community Environment	18,152	75	-	18,227
Basic Utility Services	144	-	-	144
Transportation	13,785	152,848	-	166,633
General Government	132,941	28,591	-	161,532
Debt Service	-	-	-	-
Principal	-	5,620	-	5,620
Capital Outlay	-	3,000	415	3,415
Total Cash Disbursements	<u>170,222</u>	<u>774,786</u>	<u>415</u>	<u>945,423</u>
Total Receipts Over/(Under) Disbursements	158,548	(99,067)	3,363	62,844
Other Financing Receipts/(Disbursements)				
Transfers - In	-	106,000	-	106,000
Special Item	-	2,400	-	2,400
Other Financing Uses	(593)	(3,874)	-	(4,467)
Transfers - Out	(106,000)	-	-	(106,000)
Advances - Out	(32,500)	-	-	(32,500)
Total Other Financing Receipts/(Disbursements)	<u>(139,093)</u>	<u>104,526</u>	<u>-</u>	<u>(34,567)</u>
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,455	5,459	3,363	28,277
Fund Cash Balances, January 1, 2017	<u>156,451</u>	<u>550,464</u>	<u>2,146</u>	<u>709,061</u>
Fund Cash Balances, December 31, 2017				
Restricted	-	555,923	5,509	561,432
Unassigned (Deficit)	175,906	-	-	175,906
Fund Cash Balances, December 31, 2017	<u>\$ 175,906</u>	<u>\$ 555,923</u>	<u>\$ 5,509</u>	<u>\$ 737,338</u>

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 589,605	\$ -	\$ 589,605
Total Operating Cash Receipts	<u>589,605</u>	<u>-</u>	<u>589,605</u>
Operating Cash Disbursements:			
Personal Services	119,754	-	119,754
Fringe Benefits	77,249	-	77,249
Contractual Services	306,185	-	306,185
Supplies and Materials	11,522	-	11,522
Total Operating Cash Disbursements	<u>514,710</u>	<u>-</u>	<u>514,710</u>
Operating Income/(Loss)	<u>74,895</u>	<u>-</u>	<u>74,895</u>
Non-Operating Cash Receipts:			
Miscellaneous	2,194	-	2,194
Fines and Fees Collected	-	72,490	72,490
Total Non-Operating Cash Receipts	<u>2,194</u>	<u>72,490</u>	<u>74,684</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	71,103	71,103
Capital Outlay	83,207	-	83,207
Debt Service-Principal	74,696	-	74,696
Debt Service-Interest	1,025	-	1,025
Total Non-Operating Cash Disbursements	<u>158,928</u>	<u>71,103</u>	<u>230,031</u>
Income (Loss) before Capital Contributions, Special Items, Extraordinary Item, Transfers and Advances	<u>(81,839)</u>	<u>1,387</u>	<u>(80,452)</u>
Capital Contribution	38	-	38
Advances In	32,500	-	32,500
Net Change in Fund Cash Balance	<u>(49,301)</u>	<u>1,387</u>	<u>(47,914)</u>
Fund Cash Balances, January 1, 2017	<u>797,141</u>	<u>2,057</u>	<u>799,198</u>
Fund Cash Balances, December 31, 2017	<u>\$ 747,840</u>	<u>\$ 3,444</u>	<u>\$ 751,284</u>

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Buckeye Lake, Licking County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government, including park operations, street repair and maintenance, police protection and fire protection services. The Village contracts with Licking County to provide sewer services. On July 1, 2004 the Village passed a charter form of government. A copy of this charter can be obtained from the Village fiscal officer.

The Village participates in public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

Police Levy Fund - This fund receives property tax monies to pay for providing security of persons and property.

Fire Levy Fund – This fund receives property tax monies to pay for providing fire protection and emergency medical services.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

Capital Water Pre-Assessment Fund - This fund receives special assessments receipts to pay for the Village's water system project.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Property, Plant, and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 333,716	\$ 328,770	\$ (4,946)
Special Revenue	869,832	784,119	(85,713)
Capital Projects	3,778	3,778	-
Enterprise	716,675	591,837	(124,838)
Total	\$ 1,924,001	\$ 1,708,504	\$ (215,497)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 339,360	\$ 276,815	\$ 62,545
Special Revenue	944,138	778,660	165,478
Capital Projects	2,145	415	1,730
Enterprise	759,053	673,638	85,415
Total	\$ 2,044,696	\$ 1,729,528	\$ 315,168

4. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2017
Demand Deposits	\$ 1,430,273
Certificates of Deposit	58,349
Total Deposits	\$ 1,488,622

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services of PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$ 44,452,326
Liabilities	(13,004,011)
Retained Earnings	\$ 31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated claims payable. The assets above also include approximately \$11.2 of unpaid claims to be billed. The Pool's membership increased from 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims is approximately \$18,810.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2017 Contributions to PEP	
\$	29,857

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

6. RISK MANAGEMENT (Continued)

After one year of membership, a member may withdraw on the anniversary date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement

The Village's certified Fire Fighters and full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 24.00% of full-time fire-fighters wages and 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2017.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. DEBT

Debt outstanding at December 31, 2017 was as follows:

	2017 Principal	%
Ohio Water Development Authority Loan #5142	\$ 444,427	0.00
Ohio Water Development Authority Loan #4928	96,293	0.00
Ohio Water Development Authority Loan #5149	93,006	1.00
Ohio Public Works Commission Loan CQ04J	12,623	0.00
Ohio Public Works Commission Loan CQ36N	2,589	0.00
Ohio Public Works commission Loan CT98M	125,150	0.00
Ohio Public Works Commission Loan CQ28O	99,674	0.00
Total	\$ 873,762	

The Ohio Water Development Authority (OWDA) loan #5142 was awarded for the Drinking Water Assistance Fund of the water project the Ohio Environmental Protection Agency mandated. The loan has an interest rate of 0% and will be repaid in semi-annual installments of \$16,460 for 20 years beginning July 2011. The Village has financed \$658,412 for this project.

The Ohio Water Development Authority (OWDA) loan #4928 was awarded for the capacity fee to Millersport of the water project the Ohio Environmental Protection Agency mandated. The Village has been approved for an amount up to \$306,000 for this project. During 2014, principal forgiven was \$153,000 which significantly reduced the amount owed.

The Ohio Water Development Authority (OWDA) loan #5149 was awarded for Community Assistance of the water project the Ohio Environmental Protection Agency mandated. The loan has an interest rate of 1% and payments will be for 30 years and begin in 2011.

The Ohio Public Works Commission (OPWC) #CQ04J was awarded for the storm-water system on July 1, 2006 in the amount of \$26,574. The loan will be repaid in annual installments of \$1,330 over 18 years. The Ohio Public Works Commission loan #CT98M of \$156,434, was awarded for water distribution. The loan has a 0% interest rate and will repaid in semi-annual installments of \$2,607.

The Ohio Public Works Commission (OPWC) loan #CQ36N was awarded for road resurfacing in 2010 in the amount of \$4,571 due to the storm-water system project. The loan is interest free and will be repaid in semi-annual installments of \$305 over 15 years.

The Ohio Public Works Commission (OPWC) loan #CQ28O was awarded for storm sewer replacement in 2011 in the amount of \$119,610 due to the storm water system project. The loan is interest free and will be repaid in semi-annual installments of \$3,987 over 30 years.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

9. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	OWDA #5142	OWDA 4928	OWDA #5149
2018	\$ 32,920	\$ 7,704	\$ 4,451
2019	32,920	7,704	4,451
2020	32,920	7,704	4,451
2021	32,920	7,704	4,451
2022	32,920	7,704	4,451
2023-2027	164,600	38,520	22,255
2028-2032	115,227	19,253	22,255
2033-2037	-	-	22,255
2038-2042	-	-	15,578
2043-2047	-	-	-
	<u>\$ 444,427</u>	<u>\$ 96,293</u>	<u>\$ 104,598</u>

Year Ending December 31	OPWC #CQ04J	OPWC #CQ28O	OPWC CQ36N	OPWC #CT98M
2018	\$ 1,330	\$ 3,988	\$ 304	\$ 5,214
2019	1,330	3,988	304	5,214
2020	1,330	3,988	304	5,214
2021	1,330	3,988	304	5,214
2022	1,330	3,988	304	5,214
2023-2027	5,973	19,940	1,069	26,070
2028-2032	-	19,940	-	26,070
2033-2037	-	19,940	-	26,070
2038-2042	-	19,914	-	20,870
2043-2047	-	-	-	-
	<u>\$ 12,623</u>	<u>\$ 99,674</u>	<u>\$ 2,589</u>	<u>\$ 125,150</u>

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 146,994	\$ 363,435	\$ -	\$ 510,429
Special Assessments	299	-	2,146	2,445
Intergovernmental Receipts	30,829	179,539	-	210,368
Charges for Services	11,502	100,252	-	111,754
Fines, Licenses, and Permits	83,653	5,802	-	89,455
Earnings on Investments	5,380	-	-	5,380
Miscellaneous	11,436	16,949	-	28,385
Total Cash Receipts	290,093	665,977	2,146	958,216
Cash Disbursements				
Current:				
Security of Persons and Property	-	558,407	-	558,407
Public Health Services	1,322	-	-	1,322
Leisure Time Activities	3,310	200	-	3,510
Community Environment	14,351	693	-	15,044
Basic Utility Services	22	-	-	22
Transportation	17,910	140,019	-	157,929
General Government	127,784	33,150	-	160,934
Debt Service	-	-	-	-
Principal	-	5,620	-	5,620
Capital Outlay	-	6	-	6
Total Cash Disbursements	164,699	738,095	-	902,794
Total Receipts Over/(Under) Disbursements	125,394	(72,118)	2,146	55,422
Other Financing Receipts/(Disbursements)				
Transfers - In	-	155,000	-	155,000
Special Item	400	-	-	400
Other Financing Uses	(300)	(2,770)	-	(3,070)
Transfers - Out	(155,000)	-	(185,556)	(340,556)
Total Other Financing Receipts/(Disbursements)	(154,900)	152,230	(185,556)	(188,226)
Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,506)	80,112	(183,410)	(132,804)
Fund Cash Balances, January 1, 2016	185,957	470,352	185,556	841,865
Fund Cash Balances, December 31, 2016				
Restricted	-	550,464	2,146	552,610
Unassigned (Deficit)	156,451	-	-	156,451
Fund Cash Balances, December 31, 2016	\$ 156,451	\$ 550,464	\$ 2,146	\$ 709,061

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 538,869	\$ -	\$ 538,869
Total Operating Cash Receipts	<u>538,869</u>	<u>-</u>	<u>538,869</u>
Operating Cash Disbursements:			
Personal Services	115,291	-	115,291
Fringe Benefits	66,720	-	66,720
Contractual Services	286,387	-	286,387
Supplies and Materials	52,267	-	52,267
Total Operating Cash Disbursements	<u>520,665</u>	<u>-</u>	<u>520,665</u>
Operating Income/(Loss)	<u>18,204</u>	<u>-</u>	<u>18,204</u>
Non-Operating Cash Receipts:			
Miscellaneous	328	-	328
Special Assessments	2,200	-	2,200
Fines and Fees Collected	-	68,331	68,331
Total Non-Operating Cash Receipts	<u>2,528</u>	<u>68,331</u>	<u>70,859</u>
Non-Operating Cash Disbursements:			
Fines and Fees Disbursed	-	75,172	75,172
Capital Outlay	78,516	-	78,516
Debt Service-Principal	73,353	-	73,353
Debt Service-Interest	3,796	-	3,796
Total Non-Operating Cash Disbursements	<u>155,665</u>	<u>75,172</u>	<u>230,837</u>
Income (Loss) before Capital Contributions, Special Items, Extraordinary Item, Transfers and Advances	<u>(134,933)</u>	<u>(6,841)</u>	<u>(141,774)</u>
Capital Contribution	13,271	-	13,271
Transfers In	185,556	-	185,556
Net Change in Fund Cash Balance	63,894	(6,841)	57,053
Fund Cash Balances, January 1, 2016	<u>733,247</u>	<u>8,898</u>	<u>742,145</u>
Fund Cash Balances, December 31, 2016	<u>\$ 797,141</u>	<u>\$ 2,057</u>	<u>\$ 799,198</u>

See notes to financial statements.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Buckeye Lake, Licking County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government, including park operations, street repair and maintenance, police protection and fire protection services. The Village contracts with Licking County to provide sewer services. On July 1, 2004 the Village passed a charter form of government. A copy of this charter can be obtained from the Village fiscal officer.

The Village participates in public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

Police Levy Fund - This fund receives property tax monies to pay for providing security of persons and property.

Fire Levy Fund – This fund receives property tax monies to pay for providing fire protection and emergency medical services.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Capital Water Pre-Assessment Fund - This fund receives special assessments receipts to pay for the Village's water system project.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are distributed to various agencies as prescribed by the Ohio Revised Code.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Property, Plant, and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 is as follows:

2016 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 329,375	\$ 290,493	\$ (38,882)
Special Revenue	836,295	820,977	(15,318)
Capital Projects	-	2,146	2,146
Enterprise	546,800	740,224	193,424
Total	<u>\$ 1,712,470</u>	<u>\$ 1,853,840</u>	<u>\$ 141,370</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 378,260	\$ 319,999	\$ 58,261
Special Revenue	862,900	740,865	122,035
Capital Projects	185,556	185,556	-
Enterprise	743,650	676,330	67,320
Total	<u>\$ 2,170,366</u>	<u>\$ 1,922,750</u>	<u>\$ 247,616</u>

4. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2016
Demand Deposits	\$ 1,450,415
Certificates of Deposit	57,844
Total Deposits	<u>\$ 1,508,259</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services of PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

	2016
Assets	\$ 42,182,281
Liabilities	(13,396,700)
Retained Earnings	\$ 28,785,581

At December 31, 2016 the liabilities above include approximately \$12.0 million of estimated claims payable. The assets above also include approximately \$11.5 of unpaid claims to be billed. The Pool's membership increased from 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims is approximately \$17,733.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2016 Contributions to PEP	
\$	28,148

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

6. RISK MANAGEMENT (Continued)

After one year of membership, a member may withdraw on the anniversary date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement

The Village's certified Fire Fighters and full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 24.00% of full-time fire fighter's wages and 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2016.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

9. DEBT

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
Ohio Water Development Authority Loan #5142	\$ 477,348	0.00
Ohio Water Development Authority Loan #4928	103,997	0.00
Ohio Water Development Authority Loan #5149	96,500	1.00
Ohio Public Works Commission Loan CQ04J	13,951	0.00
Ohio Public Works Commission Loan CQ36N	2,894	0.00
Ohio Public Works Commission Loan CT98M	130,364	0.00
Ohio Public Works Commission Loan CQ28O	103,661	0.00
2012 Road Equipment and Refunding Bonds	25,363	3.80
Total	\$ 954,078	

The Ohio Water Development Authority (OWDA) loan #5142 was awarded for the Drinking Water Assistance Fund of the water project the Ohio Environmental Protection Agency mandated. The loan has an interest rate of 0% and will be repaid in semi-annual installments of \$16,460 for 20 years beginning July 2011. The Village has financed \$658,412 for this project.

The Ohio Water Development Authority (OWDA) loan #4928 was awarded for the capacity fee to Millersport of the water project the Ohio Environmental Protection Agency mandated. The Village has been approved for an amount up to \$306,000 for this project. During 2014, principal forgiven was \$153,000 which significantly reduced the amount owed.

The Ohio Water Development Authority (OWDA) loan #5149 was awarded for Community Assistance of the water project the Ohio Environmental Protection Agency mandated. The loan has an interest rate of 1% and payments will be for 30 years and begin in 2011.

The Ohio Public Works Commission (OPWC) #CQ04J was awarded for the storm-water system on July 1, 2006 in the amount of \$26,574. The loan will be repaid in annual installments of \$1,330 over 18 years. The Ohio Public Works Commission loan #CT98M of \$156,434, was awarded for water distribution. The loan has a 0% interest rate and will repaid in semi-annual installments of \$2,607.

The Ohio Public Works Commission (OPWC) loan #CQ36N was awarded for road resurfacing in 2010 in the amount of \$4,571 due to the storm-water system project. The loan is interest free and will be repaid in semi-annual installments of \$305 over 15 years.

The Ohio Public Works Commission (OPWC) loan #CQ28O was awarded for storm sewer replacement in 2011 in the amount of \$119,610 due to the storm water system project. The loan is interest free and will be repaid in semi-annual installments of \$3,987 over 30 years.

The 2012 Road Equipment and Refunding Bonds were issued on March 12, 2012 for the purchase of a Ford F-150 Truck, Mini Excavator, Vacuum Excavator and refunded the Village's Truck Bonds dated June 18, 2010. The bonds were issued at 3.82% interest with an annual payment of \$26,860.23 each March until 2017.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

9. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	OWDA #5142	OWDA 4928	OWDA #5149	2012 Bonds
2017	\$ 32,920	\$ 7,704	\$ 4,451	\$ 26,860
2018	32,920	7,704	4,451	-
2019	32,920	7,704	4,451	-
2020	32,920	7,704	4,451	-
2021	32,920	7,704	4,451	-
2022-2026	164,600	38,520	22,255	-
2027-2031	148,148	26,957	22,255	-
2032-2036	-	-	22,255	-
2037-2041	-	-	20,029	-
2042-2046	-	-	-	-
	<u>\$ 477,348</u>	<u>\$ 103,997</u>	<u>\$ 109,049</u>	<u>\$ 26,860</u>

Year Ending December 31	OPWC #CQ04J	OPWC #CQ28O	OPWC CQ36N	OPWC #CT98M
2017	\$ 1,330	\$ 3,988	\$ 304	\$ 5,214
2018	1,330	3,988	304	5,214
2019	1,330	3,988	304	5,214
2020	1,330	3,988	304	5,214
2021	1,330	3,988	304	5,214
2022-2026	6,650	19,940	1,374	26,070
2027-2031	651	19,940	-	26,070
2032-2036	-	19,940	-	26,070
2037-2041	-	19,940	-	26,084
2042-2046	-	3,961	-	-
	<u>\$ 13,951</u>	<u>\$ 103,661</u>	<u>\$ 2,894</u>	<u>\$ 130,364</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of Buckeye Lake
Licking County
5192 Walnut Road
Buckeye Lake, Ohio 43008

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Buckeye Lake, Licking County as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 8, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Village of Buckeye Lake's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider Finding 2017-002 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Buckeye Lake's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2017-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 8, 2018

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2017-001

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2017-001 (Continued)

The Village did not certify the availability of funds prior to the purchase commitment for 21% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We have no response from the client.

FINDING NUMBER 2017-002

Material Weakness – Posting of Budget

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Village does enter budgetary data for estimated receipts and expenditures. However, the amounts entered do not agree with the Official Certificate of Estimated Resources or approved appropriations. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Village post the approved appropriations and official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Village decisions can be made on accurate data.

Client Response: We have no response from the client.

**VILLAGE OF BUCKEYE LAKE
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2015-001	ORC 5705.39 Appropriations greater than estimated resources	Yes	Finding No Longer Valid
2015-002	ORC 5705.41(B) Expenditures greater than appropriations	Yes	Finding No Longer Valid
2015-003	Posting of budget receipts and appropriations to UAN	No	Not Corrected: Stated as Finding Number 2017-002 in current report

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Dave Yost • Auditor of State

VILLAGE OF BUCKEYE LAKE

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 9, 2018